CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 21, 2007

H.R. 1195

An act to amend the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users to make technical corrections, and for other purposes

As ordered reported by the House Committee on Transportation and Infrastructure on March 1, 2007, with a subsequent amendment transmitted to CBO on March 19, 2007

SUMMARY

H.R. 1195 would make numerous amendments to the current authorization law for highway programs—the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (Public Law 109-59). H.R. 1195 would provide contract authority (a mandatory form of budget authority) for magnetic levitation transportation projects and for the National Surface Transportation Policy and Revenue Commission. The bill also would rescind a portion of unused contract authority in fiscal year 2009, the last year of the current authorization period for highway and mass transit programs. The bill's net impact would be a reduction of $25 million in contract authority for highway programs over the 2007-2009 period.

CBO expects that spending for the programs mentioned above will be controlled by limits on annual obligations set in appropriation acts (known as obligation limitations). Consequently, the changes in contract authority would not affect direct spending outlays. The legislation would not amend the obligation limitations specified in current law; thus, CBO estimates that implementing this legislation would not have a significant impact on discretionary outlays. However, H.R. 1195 would affect direct spending by amending the authorization for a specific project that CBO expects would not be completed under current law. CBO estimates that the resulting increase in direct spending would be $499,000. Enacting H.R. 1195 would not affect revenues.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA); any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 1195 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By Fiscal Year, in Millions of Dollars					
	2007	2008	2009	2010	2011	2012
CHANGES IN DIRECT SPENDING						
Deployment of Magnetic Levitation Transportation Projects						
Budget Authority	20	35	35	0	0	0
Estimated Outlays [a]	0	0	0	0	0	0
National Surface Transportation Policy and Revenue Commission						
Budget Authority	2	0	0	0	0	0
Estimated Outlays [a]	0	0	0	0	0	0
Rescission of Unobligated Contract Authority						
Budget Authority	0	0	-117	0	0	0
Estimated Outlays [a]	0	0	0	0	0	0
Changes in Funding for Existing Projects						
Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	*	*	*	*	*
Total Changes						
Budget Authority	22	35	-82	0	0	0
Estimated Outlays	0	*	*	*	*	*

Note: * = Less than $500,000.

a. The spending of the contract authority is controlled by annual limits on obligations set in appropriation acts and is therefore considered discretionary. Thus, enacting these provisions would not affect direct spending outlays.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 1195 will be enacted in fiscal year 2007 and that spending will follow historical patterns for similar programs. CBO estimates that enacting H.R. 1195 would reduce contract authority by $25 million over the 2007-2009 period. The bill would not affect revenues.

Changes to Contract Authority

The Federal-Aid Highway program receives contract authority under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. Most spending from that contract authority is subject to annual limits on obligations set in appropriation acts. For that reason, most of the program's outlays are considered discretionary, and they would not be affected by the bill's changes in the amount of contract authority available.

If enacted, H.R. 1195 would provide new or increased contract authority for the following programs:

- Magnetic Levitation Transportation Projects. Under current law, funding for projects that use magnetic force to suspend and propel a transportation system is authorized to be appropriated. Section 102 of the bill would amend the authorization to create $20 million in contract authority in 2007 and a total of $90 million over 2007-2009 period.

- National Surface Transportation Policy and Revenue Commission. The commission studies and plans for the future of the nation's surface transportation system. Section 108 would provide the commission with an additional $2 million in contract authority for fiscal year 2007.

Section 114 would rescind $117 million of contract authority in fiscal year 2009. That change, when combined with the new or increased contract authority that would be made available by the legislation, would reduce contract authority by $25 million over the 2007-2009 period. Because contract authority for the programs listed above is subject to limits on annual obligations set in appropriation acts and because CBO estimates that the rescission would not impair the various transportation programs' ability to meet obligations in the next several years, CBO estimates that the changes in contract authority would not affect outlays (either mandatory or discretionary) over the next several years.

Changes to Direct Spending Outlays

Section 115 would revise the authorization for a project in the state of Minnesota previously authorized by the Transportation Equity Act for the 21st Century (Public Law 105-85). Based on information from the Department of Transportation and others with knowledge of the project, CBO does not expect the funds authorized under current law to be spent because the original project for which the funds were designated is not going to be completed. Instead, the bill would designate the funds for a different project in the state. Therefore, this provision would result in an increase in spending of $499,000 over the 2008-2012 period that would not occur under current law.

INTERGOVERNMENTAL AND PRIVATE-SECTOR MANDATES

The bill contains no intergovernmental or private-sector mandates as defined in UMRA; any costs to state, local, or tribal governments would result from complying with conditions of federal assistance.

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